

## Message Text

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ACTION EB-03

INFO OCT-01 SS-14 ISO-00 EUR-10 NSC-10 NSCE-00 CIAE-00

INR-10 NSAE-00 RSC-01 EA-13 PRS-01 TRSE-00 OMB-01

COME-00 SCEM-01 DRC-01 /066 W

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R 191736Z DEC 73

FM AMEMBASSY ROME

TO SECSTATE WASHDC 2430

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TOKYO

USMISSION OECD PARIS

USMISSION EC BRUSSELS

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LIMDIS

E.O. 11652: N/A

TAGS: ENRG IT

SUBJECT: ENI REQUESTS CONSULTATIONS WITH USG

1. SUMMARY: ENI PROPOSES SEND SMALL GROUP TO WASHINGTON IN MID-JAN QUIETLY TO DISCUSS ENI ROLE, REVIEW ITALIAN SITUATION, AND PROVIDE INPUT TO ENERGY ACTION GROUP. COMPANY CLAIMS WITH MUCH JUSTICE TO REPRESENT GOI ON OIL MATTERS. WE RECOMMEND THAT USG ACCEPT THIS OPPORTUNITY FOR SUBSTANTIVE CONTACTS WITH THIS POWERFUL STATE COMPANY. END SUMMARY.

2. PASQUALE LANDOLFI, DIRECTOR OF EXTERNAL RELATIONS FOR ENI, INVITED ECON/COMM MINISTER AND EMBOFF TO LUNCH AT ENI HQS DEC 18. LANDOLFI WHO WAS ACCOMPANIED BY HIS DEPUTY AMEDEO FOLIGNANO, IS ENI'S PRINCIPAL NEGOTIATOR, HIS LATEST ACCOMPLISHMENT BEING THE ENI-SONATRACK \$1.2 BILLION GAS TRANSACTION SIGNED OCT 19 (ROME 11661 NOTAL).

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2. PRINCIPAL SUBJECT DISCUSSED WAS LANDOLFI PROPOSAL TO LEAD SMALL TEAM OF SENIOR ENI OFFICIALS (APPROX 4) TO WASHINGTON FOR CONSULTATIONS WITH US AGENCIES. AT EC MINS SUGGESTION, HE OUT-LINE TENTATIVE AGENDA:

A. DISCUSSION ON THE ROLE OF ENI AS NATIONAL COMPANY AND ITS PHILOSOPHY OF RELATIONS BETWEEN PRODUCER AND CONSUMER COUNTRIES.

B. REVIEW OF THE SITUATION IN ITALY.

C. DISCUSSION OF FORMS OF COOPERATION IN BROAD TERMS BETWEEN CONSUMERS, AND BETWEEN PRODUCERS AND CONSUMERS.

3. IN REPLY TO ECMIN'S OBSERVANCE THAT IN VIEW OF RESTRUCTURING OF USG RESPONSIBILITIES FOR ENERGY, IF ANY SUCH VISIT WERE TO TAKE PLACE IT MIGHT BE BEST TIMED FOR SPRING, LANDOLFI STRESSED HIS CONVICTION THAT CONSULTATIONS TO BE MOST USEFUL TO BOTH SIDES SHOULD BEGIN AS SOON AS POSSIBLE. HE WOULD LIKE TO PROCEED IN MID-JAN IF THIS IS FEASIBLE. HE ENVISAGES NO PUBLICITY AT EITHER END, WOULD NOT WISH TO HAVE CONTACT WITH US COMPANIES, AND EMPHASIZED THAT TALKS WOULD NOT TOUCH ON ANY POLITICAL SUBJECTS. LANDOLFI ASKED THAT HIS PROPOSAL NOT BE COMMUNICATED TO US COMPANIES HERE OR IN WASHINGTON, NOR, AT THIS POINT, TO THE ITALIAN EMBASSY IN WASHINGTON.

4. ECMIN COMMENTED THAT WHILE HE COULD SEE ADVANTAGES TO ENI PROPOSAL HE WONDERED IF WASHINGTON AGENCIES WOULD NOT PREFER TO TALK TO GOVTS RATHER THAN STATE COMPANY TALKS. LANDOLFI REPLIED THAT HE HOPED WE COULD CONVINCE THE USG THAT ENI HAS A VERY IMPORTANT ROLE IN OIL POLICY FORMULATION AND ON ENERGY MATTERS IT DOES SPEAK FOR THE GOVT. HE SAID THAT HE SEES THESE TALKS AS THE FIRST STEP IN A WIDER DIALOGUE BETWEEN HIS COMPANY AND THE US GENERALLY. WE REPLIED THAT THE EMBASSY HAS LONG RECOGNIZED ENI'S SPECIAL ROLE IN ITALIAN ENERGY POLICY AND WOULD TRANSMIT HIS PROPOSAL TO WASHINGTON WITH A FAVORABLE RECOMMENDATION, BUT THAT WE COULD OF COURSE GIVE NO ASSURANCES OF A FAVORABLE REPLY.

5. COMMENT: AS WE HAVE REPORTED IN THE PAST (ROME 2073) ENI IS A COMAKER OF ITALIAN ENERGY POLICY AND OFTEN SEEMS TO HAVE THE PREDOMINANT VOICE, PARTLY BECAUSE OF ITS POLITICAL INFLUENCE; PARTLY LIMITED OFFICIAL USE

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BECAUSE ITS PHILOSOPHY OF THE 50'S AND 60'S SEEMS TO MOST ITALIANS TO HAVE BEEN PROVEN RIGHT IN THE 70'S, AND TO A LARGE DEGREE BECAUSE ITS WELL-ORGANIZED AND TECHNICALLY COMPETENT STAFF IS FASTER MOVING AND MORE EFFECTIVE THAN THE GOI BUREAUCRACY. BECAUSE ENI CAN FIGHT GOVT AGENCIES UP TO THE PRIME MINISTER IT USUALLY HAS GOTTEN ITS WAY. MOREOVER, THERE IS SELDOM DISAGREEMENT BETWEEN THE GOI AND ENI -- TO THE EXTENT THEY CAN BE DISTINGUISHED -- OVER GRAND POLICY. (EXECUTION CAN BE A DIFFERENT MATTER, BUT THE ONE

RECENT CASE INVOLVING POSSIBLE ENI PURCHASES OF NATIONALIZED CRUDE  
IN LIBYA WAS OVERTAKEN BY THE ARAB-ISRAELI CONFLICT BEFORE A  
DECISION COULD BE REACHED. WE EXPECT ENI WOULD HAVE WON (ROME  
8685). RECOGNIZING THE ANOMALY OF DEALING DIRECTLY WITH A STATE  
COMPANY, IN THE CASE OF ENI -- AND PROBABLY IN NO OTHER -- IT  
MAKES GOOD SENSE. IN MANY RESPECTS ENI IS A BETTER INTERLOCUTOR  
THAN THE BUREAUCRACY. THE COMPANY TO GOVT ASPECTS OF THE PRO-  
POSAL WILL REQUIRE ATTENTION BUT DO NOT INVOLVE MUCH RISK AND CAN  
PROBABLY BE OVERCOME BY CAREFUL HANDLING. WE RECOMMEND ACCEPTANCE.  
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## Message Attributes

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**Channel Indicators:** n/a  
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